

### Old Age, Disability, Death

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First law: 1909.

Current law: 1993.

Type of program: Dual universal and social insurance systems.

**Exchange rate:** U.S.\$1.00 equals 67.95 Icelandic kronur (IKr).

#### Coverage

**Universal pension:** All residents who have been domiciled in Iceland or worked in another European Economic Area (EEA) country for at least 3 years.

**Employment-related pension:** All employees and self-employed persons.

#### Source of Funds

**Insured person:** Universal pension, none. Employment-related pension, employees 4% of income; self-employed persons, 10% of income.

**Employer:** Universal pension, 2.5% to 6% of payroll; employment-related pension, 6% of income.

**Government:** Universal pension, remaining costs; employment-related pension, none. Universal pension contributions also finance maternity benefits.

#### Qualifying Conditions

**Old-age pension:** Universal pension, age 67, with minimum 3 years' residence in Iceland or employment in another EEA country at age 16-67 inclusive (40 years' residency for full pension). The universal and employment-related old-age pensions are payable abroad.

Employment-related pension, age 65. Retirement not necessary.

**Disability pension:** Universal pension, age 16-66 inclusive. Three years' residency in Iceland or employment in another EEA country required before submitting application, and 75% reduction in working capacity; full pension, 40 years' residency.

Employment-related pension, contributions paid for at least 6 months in the 12 months before disability occurred. Payable until old-age pension takes over at age 67.

**Survivor pension:** Universal pension, widow and orphan (depending on age), resident at least 3 years before application is submitted.

Employment-related pension (surviving spouse and child), contributions paid for at least 6 months during the last 12 months prior to death of spouse.

Survivor pension not payable abroad.

#### Old-Age Benefits

**Old-age pension:** Universal flat-rate pension of IKr 12,921 (full basic amount) a month.

Aged couple, 90% each of single pensioner's rate. Reduced if individual partner's income exceeds IKr 822,227.

Supplement for spouse: 80% of flat-rate pension plus income tested allowance (special circumstances only).

Income-tested supplementary allowance: Up to IKr 23,773 a month.

Supplement for children: IKr 10,794 a month for each child under age 18.

Other allowances (means-tested) for housing, care and medical costs.

Adjustment: Pensions adjusted for changes in workers wages.

Employment-related old-age pension: Depends on paid contributions.

#### Permanent Disability Benefits

**Disability pension:** Universal flat-rate pension of IKr 12,921 (full basic amount) a month. Disability pension is reduced if individual domestic partner has income exceeding IKr 822,227.

Supplement for spouse: 80% of flat-rate pension (special circumstances only). Income tested supplementary allowance of up to IKr 24,439.

Child's supplement: IKr 10,300 a month for each child under age 18; double if both parents are disabled.

Supplementary allowances: Same as old-age pension.

Partial pension payable for 50% to 74% disability.

Adjustment: Pensions adjusted for changes in workers wages.

#### Survivor Benefits

**Universal survivor pension:** Widows and widowers are entitled to a benefit of IKr 16,190 for 6 months after spouse's death. A surviving spouse supporting a child under age 18 receives a benefit of IKr 12,139 a month for an additional 12 months. After this period, a widow receives a benefit of IKr 12,921 a month, less 5% for each year under age 60, if aged 50 or over when widowed.

Orphans: IKr 10,300 a month for each orphan under age 18, doubled for full orphans.

Adjustment: Pensions adjusted quarterly for changes in wage index.

Employment-related survivor pension: To surviving spouse (pension amount depends on the amount of prior contributions); to orphans, 50% of universal orphan's pension.

#### Administrative Organization

Universal Pension program: Ministry of Health and Social Security, general supervision.

State Social Security Institute, administration of program through local offices; managed by board elected by Parliament and director.

Employment-related Pension program: Ministry of Health and Social Security and Ministry of Finance, general supervision.

Administered through 70 pension funds.

### Sickness and Maternity

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First law: 1936.

Current law: 1993.

Type of program: Universal system. Cash and medical benefits.

#### Coverage

**Cash sickness and medical benefits:** All residents who have been residents of Iceland or another EEA country for last 6 months.

**Cash maternity benefit:** Resident parents, where the mother has been resident in Iceland or another EEA country for the last 12 months.

#### Source of Funds

**Insured person:** None.

**Employer:** Cash sickness and medical benefits, none.

**Cash maternity benefits**, 2.5% to 6% of payroll.

**Government: Cash sickness and medical benefits**, 100%.

**Cash maternity benefits**, remaining costs.

Maternity benefits financed out of pension contributions shown above.

### Qualifying Conditions

**Cash sickness benefits**: Covered residents (see above) aged 16 or more and incapable of working.

**Cash maternity benefits** (parents' cash benefits): Received by all resident mothers (see Coverage, above), and by employed parents if salaries not paid in the form of parental leave.

**Medical benefits**: All covered residents (see above).

### Sickness and Maternity Benefits

**Sickness benefit**: Statutory minimum of IKr 552.20 a day, plus supplement of IKr 150 for each child under age 18.

Full cash benefits paid to those who cease full-time employment, and one-half cash benefits to those engaged in half-time work prior to illness.

Universal sickness benefits are payable after 15-day waiting period, provided that the incapacity has lasted at least 21 days and income has lapsed. The benefits are paid for a maximum of 52 weeks.

**Maternity benefit**: All mothers, IKr 26,294 a month for 6 months, regardless of participation in the labor market. In addition, a working mother (alternatively, working father eligible after the first month) receives daily allowance of IKr 1,102 if she worked a minimum of 1,032 hours in the preceding 12 months (reduced to IKr 551 if 516 hours-1,031 hours worked in preceding 12 months). Benefits paid for one additional month per child if multiple birth and/or in case of child's serious illness; for two additional months if warranted for mother's health and safety.

### Workers' Medical Benefits

**Medical benefits**: Doctor's consultation, patient pays IKr 600 (home call, IKr 1,500). Pensioners pay 1/3 of copayment.

Free hospitalization in ward of public hospital.

Free medicine for some chronic diseases; for other medicine, the insured pays a minimum fee. Confinement in maternity ward is free of charge.

Minimum fee for x-rays and travel costs; dental care, children to age 15 get a 75% refund; age 16 and over, 50%; and pensioners, 50% to 100% refund (subject to income test.)

### Dependents' Medical Benefits

**Medical benefits for dependents**: Same as for family head.

### Administrative Organization

Ministry of Health and Social Security, general supervision.

State Social Security Institute, administration of program through local offices, managed by Board elected by Parliament and Director.

Type of program: Social insurance system.

### Coverage

Employed and self-employed persons.

### Source of Funds

**Insured person**: None.

**Employer**: 2.5% to 6% of payroll.

**Government**: None.

### Qualifying Conditions

**Work-injury benefits**: No minimum qualifying period.

### Temporary Disability Benefits

**Temporary disability benefit**: IKr 698 a day.

Dependents' supplements: IKr 150 a day for each child.

Maximum benefit: 75% of earnings.

Payable after waiting period of 7 days for up to 52 weeks.

### Permanent Disability Benefits

**Permanent disability pension**: IKr 12,927 a month, if at least 75% disabled. Child's supplement: IKr 10,794 a month for each child under age 18.

Partial disability: If 50% to 74% disabled, 50% of full pension, plus 2% of pension for each 1% of disability exceeding 50%. If 10% to 49% disabled, lump sum proportionate to disability.

**Medical benefits**: Necessary care, including specialist services and hospitalization.

### Survivor Benefits

**Survivor pension**: IKr 16,190 a month payable for 8 years. Also, if aged 50 or over or at least 50% disabled at spouse's death, up to IKr 12,921 a month, according to age and disability.

Orphans: IKr 10,749 a month for each orphan under age 18, doubled for full orphans.

Death grant: Lump-sum of IKr 202,322 to 606,966 for other adult dependents, according to previous degree of support from deceased.

### Administrative Organization

Ministry of Health and Social Security, general supervision.

State Social Security Institute, administration of benefits through local offices.

## Unemployment

First law: 1936 (never implemented).

Current law: 1993.

Type of program: Social insurance system.

### Coverage

All insurable employment.

### Source of Funds

**Insured person**: None.

**Employer**: 2.5% to 6% of payroll.

## Work Injury

First law: 1925.

Current law: 1993.

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**Government:** 0.5% of employer's contribution (immediately above).

### Qualifying Conditions

**Unemployment benefit:** Age 16 to 70 inclusive; residence in Iceland; membership in trade union; 425 hours of insurable employment in previous 12 months; verification from employment agency of unemployment for 3 or more days. Weekly registration at an employment agency required.

### Unemployment Benefits

**Unemployment benefit:** Minimum (with 425 hours of work in last 12 months): IKr 577.16 a day; maximum (with 1,700 hours of work): IKr 2,308.64 a day.

**Dependents' supplement:** IKr 85.63 a day for each child. Payable for up to 52 weeks.

### Administrative Organization

Ministry of Social Affairs, Labor Office, general supervision.

The Board or the Unemployment Insurance Fund monitors the work of the Labor Office and the Disbursal Committee, in all affairs regarding unemployment benefits.

Labor Office is charged by the Board with the finances of the Unemployment Insurance Fund, its accounts and daily administration.

The Disbursal Committee is charged with the disbursal of benefit payments to individual Unions or Federations.

## Family Allowances

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First law: 1946.

Current law: 1993.\*

\*Program transferred from social security to the tax system.

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